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## OMB APPROVAL

OMB Number: 3235-0123  
Expires: March 31, 2016  
Estimated average burden  
hours per response .....12.00

## SEC FILE NUMBER

8-67384

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/14 AND ENDING 12/31/14  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Monarch Bay Associates, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

5000 Birch Street, Suite 4800

(No. and Street)

Newport Beach

CA

92660

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Keith Moore

949 373-7281

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Elizabeth Tractenberg, CPA

(Name - if individual, state last, first, middle name)

3832 Shannon Road

Los Angeles

CA

90027

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

## FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)




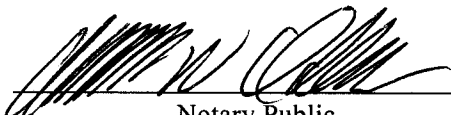
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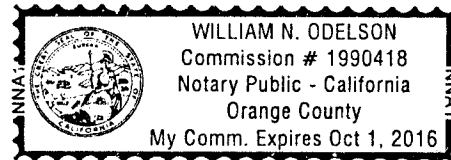
## OATH OR AFFIRMATION

I, Keith Moore, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Monarch Bay Associates, LLC, as of December 31, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

  
Signature  
CEO  
Title

  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

**Monarch Bay Securities, LLC**  
**Report Pursuant to Rule 17a-5 (d)**  
**Financial Statements**  
**For the Year Ended December 31, 2014**

## **Contents**

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**Elizabeth Tractenberg, CPA**

**3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/517-2625  
elizabeth@tractenberg.net  
PCAOB # 3621**

**Report of Independent Registered Public Accounting Firm**

To the Members  
Monarch Bay Securities, LLC  
Newport Beach, CA 92660

I have audited the accompanying statement of financial condition of Monarch Bay Securities, LLC (the “Company”), a California limited liability company, as of December 31, 2014 and the related statements of income (loss), changes in members’ equity, and changes in financial condition for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. The Company’s management is responsible for these financial statements. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The information contained in Schedules I, II and III (the “supplemental information”) has been subjected to audit procedures performed in conjunction with the audit of the Company’s financial statements. The supplemental information is the responsibility of the Company’s management. My audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming my opinion on the supplemental information, I evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In my opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Elizabeth Tractenberg, CPA  
Los Angeles, CA  
March 9, 2015

**Monarch Bay Securities, LLC**  
**Statement of Financial Condition**  
**For the Year Ended December 31, 2014**

Assets

Cash	\$ 59,591
Accounts receivable	302,504
Advances	266,367
Clearing Broker Deposit	350,000
Prepaid Expenses	35,147
Security Deposit	22,002
Securities	69,267
Total Assets	<u>\$ 1,104,878</u>

Liabilities and Members' Equity

Liabilities	
Accounts Payable and Accrued Expenses	\$ 90,377
Accrued Commission	184,776
Due to Broker	73,000
Short Term Loan	200,000
Total Liabilities	<u>\$ 548,153</u>
Members' Equity	556,725
Total Liabilities and Members' Equity	<u>\$ 1,104,878</u>

See Accompanying Notes to Financial Statements

**Monarch Bay Securities, LLC**  
**Statement of Income (Loss)**  
**For the Year Ended December 31, 2014**

**Revenue**

Institutional Sales	\$ 85,000
Other	13,016
Private Placement Commissions	1,308,807
Trading Revenue	1,810,273
Realized gains (losses)	253,745
Unrealized gains (losses)	<u>(3,213)</u>
 Total Revenue	 <u>\$ 3,467,628</u>

**Expenses**

Commissions	\$ 2,286,230
Consulting	220,782
Clearing Fees	133,072
Dues and Subscriptions	41,894
Office expense and rent	217,888
Professional Services	29,141
Regulatory fees	5,460
Repairs	4,016
Payroll expenses	168,095
Telephone	34,656
Travel	26,298
All other	<u>467,471</u>
Total Expenses	<u>\$ 3,635,003</u>
 Income (Loss) Before Tax Provision	 \$ (167,375)
Other Income	1
Income tax provision	<u>(6,800)</u>
 Net Income (Loss)	 <u><u>\$ (174,174)</u></u>

See Accompanying Notes to Financial Statements

**Monarch Bay Securities, LLC**  
**Statement of Changes in Members' Equity**  
**For the Year Ended December 31, 2014**

	<u>Total</u>
Balance, December 31, 2013	\$ 730,899
Net Income (Loss)	(174,174)
Balance, December 31, 2014	<u><u>\$ 556,725</u></u>

See Accompanying Notes to Financial Statements



**Monarch Bay Securities, LLC**  
**Statement of Changes in Financial Condition**  
**For the Year Ended December 31, 2014**

Cash Flows from Operating Activities:

Net Income (Loss)	\$	(174,174)
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Changes in Operating Assets and Liabilities:

Accounts Receivable		(82,829)
Advances		222,730
Clearing Broker Deposit		(250,000)
Prepaid Expenses		4,705
Deposits		1,320
Accounts Payable & Accrued Expenses		11,618
Accrued Commissions		(19,007)
Due to Broker		33,000
Short Term Loan		200,000
Net Cash Used in Operating Activities	\$	<u>(52,637)</u>

Cash Flows for Investing Activities:

Investments	\$	(12,770)
Cash Flows used by Investing Activities	\$	<u>(12,770)</u>

Cash Flows for Financing Activities:

	\$	<u>-</u>
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Net Decrease in Cash	\$	(65,407)
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Cash at Beginning of Year		124,998
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Cash at End of Year	\$	<u>59,591</u>
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SUPPLEMENTAL INFORMATION

Cash Paid for Interest		\$0
Cash Paid for Income Taxes		\$6,800

See Accompanying Notes to Financial Statements

**Monarch Bay Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 1 – Organization and Nature of Business**

Monarch Bay Securities, LLC (the “Company”), formerly known as Monarch Bay Associates, LLC was incorporated in the State of California in 2006 and is registered with the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Agency (“FINRA”) as a broker-dealer. The Company specializes in enhancing the value of emerging growth companies through capital raising, capital structuring, mergers and acquisitions advisory services, market making and trading. The Company’s primary objective is to achieve superior returns for stakeholders of client companies.

**Note 2 – Significant Accounting Policies**

**Basis of Presentation** – The Company conducts the following types of business as a securities broker-dealer, which comprises several classes of services, including:

- Broker or dealer retailing corporate equity securities over-the-counter;
- Broker or dealer retailing corporate debt securities;
- Underwriter or selling group participant on a best efforts basis only;
- Private placements of securities offered on a best efforts basis only;
- Merger & acquisition business activities;
- Mutual fund retailer via wire order;
- U.S. government securities broker;
- Put and call broker or dealer or option writer;
- Broker or dealer making inter-dealer markets in 65 securities consisting of OTC Bulletin Board, NASDAQ, and Pink Sheet stocks;
- Trading securities for own account; and
- Distribute third party research.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3 (k) (2) (ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Securities Owned** – Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Investments in securities are valued at market value.

**Monarch Bay Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 2 – Significant Accounting Policies (continued)**

**Investment Banking** – Investment banking revenues include fees earned from providing financial advisory and merger-and-acquisition advisory services. Investment banking fees are contingent on, and are recognized upon, the successful completion of a project. Investment banking fees are generated from services related to a limited number of transactions. Advisory fees are recognized when the work is performed, retainers are billed as indicated in the contract. Due to the nature of the Company's business, the size of any one transaction may be significant to the Company's operations for the period.

**Commissions** – Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**Income Taxes** - The Company, with consent of its Member, has elected to be a California Limited Liability Company. For tax purposes the Company is treated like a partnership, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has a similar treatment, although there exists a provision for a gross receipts tax and a minimum Franchise Tax of \$800.

The accounting principles generally accepted in the United States of America provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State organization tax returns are more likely than not to be sustained upon examination. The Company is subject to examinations by U.S. Federal and State tax authorities from 2011 to the present, generally for three years after they are filed.

**Note 3 - Fair Value**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

**Monarch Bay Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 3 - Fair Value (continued)**

- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2014.

**Fair Value Measurements on a Recurring Basis**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>			
Cash	\$ 59,591	\$ -	\$ -
Clearing Deposits	350,000	-	-
Equity Securities	-	-	69,267
<b>Total</b>	<u><b>\$ 409,591</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 69,267</b></u>

**Note 4 – Receivable From and Payable to Broker-Dealers and Clearing Organizations**

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2014, consist of the following:

	<b>Receivable</b>	<b>Payable</b>
Fees and commissions receivable/payable	\$ 152,826	\$0
Trading deposit receivable	\$ 146,421	\$0

The Company clears certain of its proprietary and customer transactions through another broker-dealer on a fully disclosed basis.

**Note 5 – Related Party Transactions**

In December, 2014 Robert Mercer, a member of the firm, deposited \$200,000 with the firm's clearing broker as a clearing deposit. The deposit earns interest at the rate of 8% per year. During the year the firm accrued \$1,359 in interest expense related to the deposit.

**Monarch Bay Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 6— Short Term Loan**

In December, 2014 Robert Mercer, a member of the firm, deposited \$200,000 with the firm's clearing broker as a clearing deposit. The deposit earns interest at the rate of 8% per year. During the year ended December 31, 2014 the firm accrued \$1,359 in interest expense related to the deposit.

**Note 7 - Concentration of Credit Risk**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 8 – Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2014, the Company had net capital of \$211,761 which was \$111,761 in excess of its required net capital of \$100,000. The Company's net capital ratio was 2.59 to 1.

**Note 9 – Income Taxes**

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by or provided by the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company. The State of California requires limited liability companies to pay a minimum \$800 tax plus a fee based on gross revenue. The accompanying financial statements include an \$800 minimum tax plus a \$6,000 limited liability company fee.

**Note 10 – Clearing Broker Deposit**

The Company has agreements with two clearing brokers, one of which requires a minimum deposit of \$100,000 and the other a minimum of \$250,000.

**Monarch Bay Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2014**

**Note 11 – Exemption from the SEC Rule 15c3-3**

Monarch Bay Securities, LLC is an introducing broker-dealer that clears all transactions with and for customers on a fully disclosed basis with an independent securities clearing company and promptly transmits all customer funds and securities to the clearing company, which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of the SEC Rule 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

**Note 12 - Litigation**

The firm nor its Members are subject to any litigation.

**Note 13 – Operating Lease Commitments**

The Company leases office space in El Segundo, California and Newport Beach, California under two non-cancellable operating leases, with the El Segundo lease expiring February, 2016 and the Newport Beach lease expiring January, 2018.

At December 31, 2014, future minimum lease payments under this agreement were as follows:

2015	215,250
2016	113,696
2017	96,341
2018	<u>8,059</u>
	<u>\$ 433,346</u>

Rent expense for the year ended December 31, 2014 was \$217,888.

**Note 14 – Subsequent Events**

Management has reviewed the results of operations for the period of time from its year end December 31, 2014 through March 9, 2015, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

**Monarch Bay Securities, LLC**  
**Schedule I - Computation of Net Capital**  
**Requirements Pursuant to Rule 15c3-1**  
**December 31, 2014**

**Computation of Net Capital**

Total ownership equity from statement of financial condition	556,725
Non allowable assets	
Advances and Traders Losses	(266,367)
Prepaid expenses	(35,147)
Security deposit	(22,002)
AR	(3,257)
Haircut - securities 15%	(18,191)
Net Capital	<u>211,761</u>

**Computation of Net Capital Requirements**

Minimum net aggregate indebtedness -	36,545
Minimum dollar net capital required	100,000
Net Capital required (greater of above amounts)	100,000
Excess Capital	111,761
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	156,946

**Computation of Aggregate Indebtedness**

Total liabilities net of deferred income taxes payable and deferred income	548,153
Aggregate indebtedness to net capital	2.59

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

Net Capital Per Company's Computation	211,761
Rounding:	2
Net Capital Per Audited Report	<u><u>211,763</u></u>

See Accompanying Notes to Financial Statements

**Monarch Bay Securities, LLC**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2014**

A computation of reserve requirement is not applicable to Monarch Bay Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).



**Monarch Bay Securities, LLC**  
**Schedule III – Information Relating to Possession or Control**  
**Requirements under Rule 15c3-3**  
**As of December 31, 2014**

Information relating to possession or control requirements is not applicable to Monarch Bay Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

**Elizabeth Tractenberg, CPA**

**3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/517-2625  
elizabeth@tractenberg.net  
PCAOB # 3621**

**Report of Independent Registered Public Accounting Firm**

To the Members  
Monarch Bay Securities, LLC

I have reviewed management's statements, included in the accompanying Monarch Bay Securities, LLC (the "Company") Exemption Report in which (1) the Company identified the following provisions of 17C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: ((k) (2) (ii)) (the "exemption provisions") from June 1, 2014 to December 31, 2014, and (2) the Company stated that they met the identified exemption provisions from June 1, 2014 to December 31, 2014 (the Company's fiscal year end) without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k) (2) (ii) of Rule 15c3-3 under the Securities Exchange Act of 1934 for the periods noted in paragraph 1 above.



Elizabeth Tractenberg, CPA  
Los Angeles, CA  
March 9, 2015

**Monarch Bay Securities, LLC**  
**5000 Birch Street, Suite 4800**  
**Newport Beach, CA 92660**

January 9, 2015

Elizabeth Tractenberg, CPA  
3832 Shannon Road  
Los Angeles, CA 90027

Re: SEA Rule 17a-5(d) (4) Exemption Report

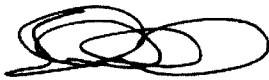
Dear Ms. Tractenberg:

Pursuant to the referenced rule, the following information is provided.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3 (k) (2) (ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers.

Monarch Bay Securities, LLC met the Section 204, 15c3-3 (k) (2) (ii) exemption for the period June 1, 2014 to December 31, 2014.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal stroke at the bottom.

Keith Moore  
CEO

**Elizabeth Tractenberg, CPA**

3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/978-5089  
elizabeth@tractenberg.net  
PCAOB # 3621

**Independent Accountant's Agreed-Upon Procedures Report  
on Schedule of Assessment and Payments (Form SIPC-7)**

To the Members  
Monarch Bay Securities, LLC  
Newport Beach, California

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, I have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation ("Form SIPC-7")] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by Monarch Bay Securities, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC solely to assist you and the other specified parties in evaluating Monarch Bay Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Monarch Bay Securities, LLC's management is responsible for Monarch Bay Securities, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures I performed and my findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries (copy of check) noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, as applicable, with the amounts reported on the amended Form SIPC-7 for the year ended December 31, 2014 noting a \$45 difference (SIPC 7 \$3,467,673, audit \$3,467,628);
3. Compared any adjustments reported on the amended Form SIPC-7 with supporting schedules and working papers, noting no adjustments; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 in the related schedules and working papers (summary of FOCUS reports filed), noting no differences as the \$45 difference above in #2 has not impact on the SIPC fee computed.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

To the Members  
Monarch Bay Securities, LLC  
Page 2

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Elizabeth Tractenberg". The signature is written in a cursive style with a large, stylized "E" and a long, sweeping underline.

Elizabeth Tractenberg, CPA  
Los Angeles, California  
March 9, 2015